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ABSTRACT

The Department of Labor estimated that 300,000 people would lose their jobs because of the termination of the Comprehensive Employment and Training Act's (CETA's) public service employment programs. The General Accounting Office (GAO) reviewed the Department of Labor's efforts to find permanent unsubsidized jobs or new training opportunities for these individuals with eight prime sponsors through interviews with Department of Labor officials, interviews with the prime sponsors, and a review of 1,040 randomly selected case files of persons terminated from the program. For seven of these sponsors (the other was not considered by GAO to be representative) GAO found that (1) 45 percent of the former public service employment participants were employed, 50 percent were unemployed, and 5 percent were in school or training; (2) almost 24 percent of the employed individuals held temporary jobs and another 21 percent had part time jobs; (3) about 54 percent of the employed were working in the private sector; (4) 55 percent of the unemployed individuals were receiving one or more forms of government assistance--this help averaged $353 per month less than their former public service employment salary; (5) most of the unemployed individuals were looking for work; and (6) participants' perceptions of help in job search and job placement activities received from local agencies varied widely. (KC)

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REPORT BY THE U.S.

# General Accounting Office

## Implementation Of The Phaseout Of CETA Public Service Jobs

The Department of Labor estimated that 300,000 people would lose their jobs because of the termination of the Comprehensive Employment and Training Act's public service employment programs.

GAO reviewed Labor's efforts to find permanent unsubsidized jobs or new training opportunities for these individuals at eight prime sponsors.

For seven of these sponsors (the other was not considered by GAO to be representative), GAO found that

--45 percent of the former public service employment participants were employed, 50 percent were unemployed, and 5 percent were in school or training;

--almost 24 percent of the employed individuals held temporary jobs and another 21 percent had part-time jobs;

--about 54 percent of the employed were working in the private sector;

--55 percent of the unemployed individuals were receiving one or more forms of government financial assistance;

--most of the unemployed individuals were looking for work; and

--participants' perceptions of help received from local agencies varied widely.

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UNITED STATES GENERAL ACCOUNTING OFFICE
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HUMAN RESOURCES
DIVISION

B-206649

The Honorable Edward M. Kennedy
Ranking Minority Member, Committee
on Labor and Human Resources
United States Senate

Dear Senator Kennedy:

In your June 8, 1981, letter, you asked us to review and report on the Department of Labor's efforts to find permanent unsubsidized jobs or new training opportunities for individuals who lost their jobs because of the phasecut of public service employment (PSE) programs authorized under titles II-D and VI of the Comprehensive Employment and Training Act (CETA).

Specifically, you asked us to determine:

--How many participants were placed?

--What were the characteristics of the participants placed, including their economic status, race, age, and sex?

--How effective were local agencies (such as the employment service, Private Industry Councils, prime sponsors, and community groups) in placing participants?

--How responsive was business to hiring former PSE participants?

--What happened to individuals not placed (i.e., do they have to rely on unemployment insurance, welfare, food stamps, or other forms of government assistance)? If so, what is the cost of this assistance compared to a CETA public service job?

In discussions with your office, we also agreed to determine participants' educational levels, CETA title, family status, and length of PSE participation and to determine if any significant relationship existed between participants' employment status and a particular characteristic. In addition, we agreed to provide an indication of the post-PSE wages of participants.

In responding to your request, we interviewed officials at Labor's national office and at four of Labor's regional offices. We also visited eight prime sponsors--Atlanta, Birmingham, Detroit, Cleveland, Boston, Providence, San Francisco, and Stockton--and interviewed prime sponsor staff and other officials of local agencies involved in the phaseout effort.

At each prime sponsor, we selected a random sample of 130 titles II-D and VI participants (1,040 in total) who were laid off from their public service jobs between March 2 and July 31, 1981. Most (84.0 percent) of the PSE participants at the eight prime sponsors had already been laid off. Statistical sampling enabled us to draw conclusions about the laidoff participants at the eight prime sponsors, but the data and conclusions cannot be projected to all PSE participants nationwide.

At the eight prime sponsors, we reviewed the case file for each of the participants and extracted the requested characteristic data. We sent a standardized questionnaire to each of the 1,040 sampled participants to obtain information on (1) their employment status, (2) the type and amount of financial assistance being received from government programs, (3) the amount of help received from the prime sponsor and other local agencies in searching for a job or training, (4) the number of job search contacts made each week, and (5) reasons, if any, for limitations in seeking employment.

About 10 percent of the sampled participants could not be located, 71.4 percent of those located completed their survey questionnaires. The statistical certainty of most measures in the sample is such that there is a 95-percent chance that our percentage estimates will not vary from the true universe value by more than 5 percent for the eight prime sponsors combined and 10 percent for individual city respondent population estimates. Other estimates (i.e., amount of financial assistance received from government programs and the differences between PSE wages and assistance) are subject to sampling errors of about 9 percent. (See app. V.)

The information developed during our review is summarized below, and it excludes Detroit data because we considered this prime sponsor to be atypical regarding certain conditions of interest. (See app. I for a more detailed discussion of this subject and other information developed during our review. Also, see app. IV for a summary chart showing the results of the reemployment effort by prime sponsor.)

PARTICIPANT OUTCOMES

In conjunction with the PSE phaseout, Labor took action aimed at maximizing the assistance available to move participants into unsubsidized employment or further training. Specifically, Labor initiated a reemployment effort which was to directly assist every participant affected by the phaseout. The effort was established as a top priority for all parts of Labor's employment and training system at the Federal, State, and local levels.

We estimate that 44.9 percent of the former PSE participants at the seven prime sponsors were employed, another 5.5 percent returned to school or entered other training programs, and the other 49.6 percent were unemployed.

Employment varied among prime sponsors. Excluding Detroit, employment was highest in San Francisco and Stockton where 57.7 and 51.9 percent, respectively, of the former participants were employed. Unemployment was highest in Birmingham and Atlanta where we estimate 65.5 and 60.2 percent, respectively, of the participants were unemployed.

Excluding Detroit, 23.9 percent of the employed held temporary jobs, and 20.9 percent had part-time jobs. In other words, only 55.2 percent of the employed obtained permanent full-time jobs. Temporary employment was most prevalent among participants employed in the public sector, and part-time work was most common among those in the private sector.

Again excluding Detroit, responses from a limited number of employed participants indicate that, about 61 percent are earning more than their PSE wage, about 25 percent are earning less, and the other 14 percent are earning the same amount.

GOVERNMENT ASSISTANCE
RECEIVED BY THE UNEMPLOYED

For the prime sponsors combined (without Detroit), slightly more than half of the unemployed were receiving one or more forms of Federal, State, or local financial assistance. Most of them were receiving unemployment compensation, food stamps, Aid to Families with Dependent Children, or some combination thereof. On the average (without Detroit), these unemployed individuals were receiving about $300 per month, which is $353 less than their former monthly PSE salary.

We did not attempt to determine how the unemployed individuals who were not receiving government financial assistance were managing. We, however, did determine that these individuals do not differ significantly from those receiving assistance in terms of race, sex, education, economic status, family size, CETA title, or length of participation in PSE. However, the two groups do differ significantly in terms of family status, age, and length of time since the PSE layoff. Specifically, individuals laid off less than 3 months as of July 31, 1981, were not receiving assistance as often as those who had been out of work for a longer period, and widowed, divorced, or separated individuals with children and other parents were receiving assistance more often than married individuals without children or other single nondependent (see p. 22 of app. I) individuals. Regarding age, younger persons were less likely to receive public assistance.

Questionnaire responses (without Detroit) indicate that 77 percent of the unemployed made two or more attempts to find work each week. A poor job market, lack of skills or education, and personal problems were cited most often as conditions which limited the number of job search contacts individuals made each week.

PARTICIPANT CHARACTERISTICS

Six participant characteristics--age, sex, education, CETA title, economic status, and length of participation in PSE--were not significantly associated with an individual's employment status.

With one exception, there was no significant difference among racial groups regarding employment status. About the same proportion of blacks, whites, and Hispanics were employed. The exception was the group classified as "other" (i.e., American Indian, Alaskan Native, and Asian or Pacific Islander). This racial group was employed significantly more often than blacks, whites, or Hispanics. However, "other" races constituted a very small proportion of the universe and resided almost entirely in San Francisco and Stockton.

Our work also showed that differences in family status were associated with differences in employment status for nonwhite former participants. Single parents and other family members (i.e., a member of a family of two or more, but not a parent) were employed least often--38 and 39 percent, respectively--while parents in a two-parent family were employed most often--56 percent. The employment of nondependent persons (49 percent) falls between these two extremes. These differences are statistically significant and indicate an association between family status and employment status for nonwhites.

ASSISTANCE PROVIDED BY LOCAL AGENCIES

Labor required prime sponsors, local employment service offices, Private Industry Councils, and other local agencies to make a special effort to move participants into unsubsidized employment or other training programs.

Six prime sponsors--Atlanta, Birmingham, Boston, Cleveland, Detroit, and San Francisco--provided job search training to participants during their last month of PSE or shortly after they were laid off. The training, which varied in length by location, was conducted by the prime sponsors and/or local employment service staff or by private firms under contract with the prime sponsor. The training generally included instruction on how to identify job openings, make telephone contacts, prepare resumes, prepare job applications, and participate in job interviews.

The Stockton prime sponsor provided job search training to job ready participants and referred or offered others skills training. When individuals in training were job ready, the prime sponsor offered them job search training.

The Providence prime sponsor provided a number of job search training and skills upgrading positions. Other participants were offered assistance, such as referrals to jobs and resume preparation.

Participants' views on the assistance received varied considerably among prime sponsors. Overall (without Detroit), about 46 percent of the participants said they received some help from the prime sponsors. The other 54 percent said they received little or no help.

Efforts of the local employment service varied among the eight prime sponsor locations. In Atlanta and Providence, the local employment service set up mass registration and orientation sessions, during which participants were told about available services and how to file for unemployment insurance.

In Boston, Cleveland, Detroit, and San Francisco, the local employment service participated in the job search workshops by registering participants for services, teaching job search skills, and offering placement services. In Birmingham, the employment service, under contract with the prime sponsor, conducted the entire phaseout effort, including job search workshops and job referral and placement assistance. In Stockton, the employment service agreed to register participants and provide placement assistance.

Again, the participants' perceptions of assistance received from the local employment service varied by prime sponsor location. Overall, about 39 percent said the local employment service offices provided some help, and the other 61 percent said they provided little or no help.

Private Industry Councils in five cities (Atlanta, Boston, Providence, San Francisco, and Stockton) provided job development, referral, and placement activities. Two played a more limited role, and the Birmingham Private Industry Council did not participate in the reemployment effort. Again, participant responses varied considerably by prime sponsor location. Overall, 16 percent of the participants said they received some help from Private Industry Councils. The remaining 84 percent said they received little or no help from the Private Industry Councils.

In addition to the prime sponsor, local employment service, and Private Industry Council, participants obtained job search assistance from other sources. About 53 percent said they received some help from their CETA employer and some attributed their job search sources to their own efforts and other labor market intermediaries, e.g., want ads, relatives, and friends.

RESPONSIVENESS OF THE PRIVATE SECTOR

Earlier, we noted that 44.9 percent of the laidoff participants were employed; of those who found jobs, 53.7 percent were employed in the private sector. About 61 percent of the private sector jobs were permanent full-time positions, 15 percent temporary, and 24 percent part time. Stockton and Boston had the highest percentage of individuals employed in the private sector--73.7 and 72.4 percent, respectively; Cleveland had the least, 15.4 percent. With the exception of Stockton, where a large local bank hired a significant number of laidoff PSE participants, we were unable to conclude why private sector placements varied so widely among prime sponsors.

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Labor reviewed a copy of the draft report and expressed no disagreements with the information presented. As discussed with your office, we are sending copies of this report to the Secretary of Labor and other interested parties. Copies will also be made available to other parties upon request.

Sincerely yours,

Gregory J. Ahart
Director

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## ABBREVIATIONS

| | |
|---|---|
| AFDC | Aid to Families with Dependent Children |
| CETA | Comprehensive Employment and Training Act |
| ETA | Employment and Training Administration |
| GAO | General Accounting Office |
| LLSIL | lower living standard income level |
| PIC | Private Industry Council |
| PSE | public service employment |
| WIN | Work Incentive Program |

# IMPLEMENTATION OF THE PHASEOUT OF CETA PUBLIC SERVICE JOBS

## INTRODUCTION

On February 18, 1981, President Reagan announced an Economic Recovery Program which included a proposal to phase out public service employment (PSE) programs under the Comprehensive Employment and Training Act (CETA) by the end of fiscal year 1981. The Department of Labor, in anticipation of congressional action, froze enrollments for all CETA public service jobs as of March 2, 1981. Subsequently, on March 10, 1981, as part of his budget message to the Congress, the President deferred $606.7 million in fiscal year 1981 funds for public service jobs under title II-D and proposed to rescind $234.4 million for jobs under title VI. His proposed fiscal year 1982 budget contained no further funding for CETA's PSE programs. The Congress approved the budget reductions which led to a phaseout of PSE programs by the end of fiscal year 1981.

CETA's PSE programs were the largest federally financed employment and training programs. The purpose of CETA, as amended in 1978, is:

> "* * * to provide job training and employment opportunities for economically disadvantaged, unemployed, or underemployed persons which will result in an increase in their earned income, and to assure that training and other services lead to maximum employment opportunities and enhance self-sufficiency * * *."

Titles II-D and VI of the act authorized PSE programs intended to provide transitional, federally subsidized employment for unemployed and underemployed persons by means of public service jobs and to enable these persons to move into unsubsidized jobs. Title II-D was designed to deal with chronic structural unemployment by providing economically disadvantaged persons with transitional PSE jobs and related training and services to enable them to move into unsubsidized employment or other training programs. Title VI, however, was designed as a countercyclical measure to combat severe unemployment by providing temporary public service jobs when the national unemployment rate exceeds 4 percent.

Both titles II-D and VI are decentralized programs administered at the local level by prime sponsors. A prime sponsor may be a (1) State, (2) unit of local government serving a population of at least 100,000, (3) combination (consortium) of local government units, one of which serves a population of at least 100,000, (4) local government or combination thereof that the Secretary of

Labor determines to have "special circumstances," or (5) concentrated employment program grantee serving a rural area of high unemployment. During fiscal year 1981, there were about 475 prime sponsors.

In fiscal year 1975, about $1.2 billion was made available for the PSE portion of CETA. The PSE portion grew to a peak allocation of about $6.2 billion for fiscal year 1979. Funds made available to CETA sponsors during the last 3 fiscal years are shown below.

| Fiscal year | Title II-D | Title VI |
|---|---|---|
| | (millions) | |
| 1979 | $2,445 | $3,753 |
| 1980 | 1,769 | 1,850 |
| 1981 | 1,282 | 607 |

More than 300,000 participants were terminated from their PSE jobs between March 2 and September 30, 1981. In early March 1981, Labor announced that it would take every possible action to assure that every participant affected was directly assisted in finding full-time unsubsidized employment. This included either placing laidoff participants into unsubsidized employment in the public or private sector or providing additional training to former participants to qualify them for unsubsidized employment. Participants who were not immediately placed in jobs or training when laid off from their PSE jobs were placed in a holding status. 1/ As part of the reemployment effort, all parts of Labor's employment and training system--the Employment Service, the prime sponsors, the Private Industry Councils (PICs), and other programs--were to make moving PSE participants to unsubsidized jobs their first priority at the Federal, State, and local levels.

## OBJECTIVES, SCOPE, AND METHODOLOGY

In a June 8, 1981, letter, Senator Edward M. Kennedy, Ranking Minority Member, Senate Committee on Labor and Human Resources, asked us to review and report on Labor's efforts to find permanent unsubsidized jobs or new training opportunities for individuals who lost their jobs because of the phaseout of PSE programs. Specifically, Senator Kennedy asked us to determine:

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1/Participants may be in a holding status for up to 90 days or until placed in an unsubsidized job or training position, whichever occurs first. Participants are terminated from the PSE program when either placed into a job or training or when the 90 days in holding have expired.

--How many participants were placed?

--What were the characteristics of the participants placed, including their economic status, race, age, and sex?

--How effective were local agencies (such as the employment service, PICs, prime sponsors, and community groups) in placing participants?

--How responsive was business to hiring former PSE participants?

--What happened to individuals not placed (i.e., do they have to rely on unemployment insurance, welfare, food stamps, or other forms of government assistance)? If so, what is the cost of such assistance compared to a CETA public service job?

In discussions with the Senator's office, we also agreed to determine participants' educational levels, CETA title, family status, and length of PSE participation and to determine if a relationship existed between a particular characteristic and participants' employment status. In addition, we agreed to determine the post-PSE wages of participants and that the information provided would consist only of wage data obtained through telephone contacts with participants.

To determine how the reemployment effort was conducted we reviewed (1) CETA/PSE legislation and regulations and (2) instructions, directives, and bulletins issued by Labor on the phaseout of PSE and the subsequent reemployment effort. We reviewed congressional hearings at which Labor officials testified on PSE and analyzed reports on the results of the PSE reemployment effort locally, regionally, and nationally. At Labor's national office, we interviewed representatives from the PSE Reemployment Effort Task Force and officials from the U.S. Employment Service, Unemployment Insurance Service, Office of Comprehensive Employment Development, Office of National Programs, and Office of Youth Programs.

We also interviewed officials of, and obtained documents from, the National Alliance of Business.

We visited Labor's regional offices in Boston, Atlanta, Chicago, and San Francisco to determine how the regions managed the reemployment effort. We interviewed the Regional Administrators for the Employment and Training Administration (ETA) and other officials knowledgeable of, and/or responsible for, all or portions of the regional effort. We also obtained and reviewed documents to determine how the regional offices implemented and managed the effort.

To determine how the reemployment effort was implemented at the local level, we visited eight prime sponsor locations: Atlanta, Ga.; Birmingham, Ala.; Boston, Mass.; Cleveland, Ohio; Detroit, Mich.; Providence, R.I.; and Stockton and San Francisco, Calif. The eight were judgmentally selected on the basis of

--the geographic coverage suggested by the requester (i.e., communities in the Northeast and upper Midwest as well as in the South and West);

--type of prime sponsor (i.e., city, county, and consortium) and number of titles II-D and VI participants;

--proportion of titles II-D and VI participants laid off;

--diversity of area unemployment rates; and

--diversity of area economic bases.

At the prime sponsor locations, we interviewed (1) cognizant staff of the prime sponsor, PIC, and local employment service and (2) officials of various other participating organizations, such as the Human Resources Development Institute, the National Alliance of Business, and Job Corps to determine how the prime sponsor was phasing out PSE and the efforts made to help participants find unsubsidized employment or training opportunities.

At each prime sponsor, we selected a random sample of 130 titles II-D and VI participants (1,040 in total) who were laid off from their PSE jobs between March 2 and July 31, 1981. 1/ The cutoff date was July 31, 1981, because, as of that date, most (84.0 percent) of the PSE participants at the eight prime sponsors had already been laid off. Also, it was judged the latest date possible to begin our review and still meet the requester's reporting requirements.

To obtain the required characteristic information, we reviewed the permanent files of the 1,040 individuals included in our sample. Using a structured data collection instrument, we obtained information on the participants' characteristics and lengths of PSE participation. For participants who were employed we recorded their post-PSE wage when available.

To assess the impact of phasing out PSE programs, we sent a standardized questionnaire to the 1,040 individuals in our sample. In addition to requesting information on participants' current employment status, we solicited information on

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1/Laid off participants were persons who lost their PSE jobs, but were not necessarily terminated from the PSE program title because they were transferred to the "holding" category.

--the degree of help and services received from the prime sponsor and others;

--the degree of assistance derived from other sources, such as want ads, relatives, and private employment agencies;

--the number of job search contacts made each week and reasons for limitations, if any, in seeking employment; and

--the amount of financial assistance received from government programs before and after layoff (e.g., welfare, food stamps, and unemployment insurance).

We sent our questionnaire to sampled participants on August 20, 1981. We followed up by telephone to contact all participants who had not responded to our initial mailing by mid-September 1981, and on October 5, 1981, we mailed a followup questionnaire to nonrespondents with no telephone or unpublished telephone numbers. About 10 percent of the participants could not be located; 71.4 percent of those located completed the survey questionnaires. Our data gathering, including fieldwork, started in late July and ended on October 28, 1981.

Using a computer, questionnaire response data were merged with characteristic data obtained during the file review, tabulated, and analyzed using generally accepted statistical analysis techniques.

Projections of the employment status, job search and assistance activities, and public assistance status and relevant factors and conditions are reported with an average effective sampling error of about 4 percent for the respondent population when combined and about 10 percent for individual prime sponsors. Estimates of continuous variables reported for the prime sponsors combined (i.e., amount of financial assistance received from government programs and the differences between PSE wages and assistance) are subject to a sampling error of about 9 percent. The reported projections and estimates have a .05 level of statistical certainty (i.e., there is a 5-percent chance that our projections and estimates will vary from the true universe values by more than the indicated sampling errors). (See app. V for a more detailed description of our methodology.)

While these prime sponsors were chosen to represent the typical range of conditions thought to exist nationwide, the actual statistics and projections are valid only for the eight prime sponsors under consideration. The results for the total population from the eight prime sponsors are presented with and without Detroit because this prime sponsor was later found to be atypical regarding certain conditions of interest.

This review was performed in accordance with our current "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."

## LABOR'S IMPLEMENTATION OF THE REEMPLOYMENT EFFORT

### Approach to implementation

In conjunction with the phaseout of CETA titles II-D and VI, Labor implemented an effort to maximize the assistance available to move participants into unsubsidized employment or further training. Labor undertook a reemployment effort which was to directly assist every participant affected by the phaseout. The effort was established as a top priority for all parts of Labor's employment and training system at the Federal, State, and local levels. Headquarters, regional, State, and local employment and training personnel were tasked with a series of activities developed to assist the participants.

According to both the Secretary of Labor and the Assistant Secretary of Labor for Employment and Training, all ETA-administered programs would have as their top priority assisting PSE participants to move into unsubsidized employment or training positions. In response to questions posed March 9, 1981, by the Senate Committee on Labor and Human Resources, the Assistant Secretary said that Labor would implement a reemployment effort designed to ensure that every individual participant affected by the phaseout is directly assisted in finding full-time unsubsidized employment. In a statement before the House Committee on Education and Labor, the Secretary of Labor said that Labor was taking every possible action to assure that every participant phased out of PSE jobs was directly assisted in finding full-time unsubsidized employment.

To provide direction for the reemployment effort, Labor established a Reemployment Effort Task Force which received input from ETA program offices. Labor headquarters was responsible for

--managing the effort,

--developing and issuing necessary and consistent directives,

--compiling and analyzing data on the effort,

--providing technical assistance materials and suggestions, and

--providing national press coverage and other appropriate publicity for the effort.

Direction provided by the national office

ETA sent implementing instructions to the 10 Labor regional offices for dissemination to the prime sponsors and other local agencies. Information to the regional offices was transmitted by telegraphic messages or field memorandums. In some instances, instructions or other information was sent directly to the prime sponsors and to other employment and training agencies and public interest groups.

On March 13, 1981, Labor issued instructions and guidance to regional administrators regarding allocation levels, revised fiscal year 1981 titles II-D and VI plans, compliance issues, waivers, unemployment compensation, and other issues related to the hiring freeze and phaseout of programs funded under titles II-D and VI.

An April 9, 1981, telegraphic message to the regional administrators followed by an April 21, 1981, field memorandum outlined the responsibilities and goals of CETA prime sponsors, the U.S. Employment Service, Unemployment Insurance Service, Work Incentive Program (WIN), PICs, and Job Corps. Also mentioned were public and private interest groups, such as the National Alliance of Business, the Human Resources Development Institute, the U.S. Chamber of Commerce, and the U.S. Conference of Mayors.

To emphasize the importance of the reemployment effort at the local level, on April 10, 1981, the Assistant Secretary for Employment and Training sent letters to administrators of State Employment Security Agencies, prime sponsor directors, PIC chairpersons, and the chief elected officials of local jurisdictions. These letters were to inform the officials of the importance of the reemployment effort and their role in it.

In an August 10, 1981, directive, the Administrator for Labor's Office of Administration and Management informed the regional administrators that although no participant could remain in a PSE job or training position after September 30, 1981, those in a holding status could be provided reemployment services during October 1981. Permissible reemployment services during October were job clubs, job referral, job development, tracking, and other job assistance services not involving payment of allowances. In addition, prime sponsors were required to report participant outcomes as of October 31, 1981.

On August 17, 1981, the Assistant Secretary sent a letter to prime sponsors requesting that they continue their efforts to place participants. The Assistant Secretary also requested that the prime sponsors follow up on all participants in PSE on or after February 28, 1981. The prime sponsors were to send these participants, regardless of current employment status, a postcard asking several questions including employment status and the desire for job placement or training assistance. The participants were

requested to send their answers to the prime sponsor in order for its staff to contact the participant for appropriate followup.

Unemployment insurance

In announcing Labor's commitment to assist PSE participants affected by the phaseout, on March 13, 1981, the Secretary of Labor said that PSE participants not placed in unsubsidized jobs or training would be eligible for unemployment compensation. However, participants had to meet State requirements for eligibility. In addition, the Secretary of Labor requested, and received congressional approval for, a $245 million reprograming of fiscal year 1981 title II-D funds for providing States with money to pay unemployment benefits to participants who were laid off.

A special account was established with each State through which costs were to be paid for benefits attributable to work performed after December 5, 1980. Costs attributable to work performed by PSE participants before December 5 were financed from the Federal Unemployment Benefits Account. The reprograming was requested because the Omnibus Reconciliation Act of 1980, Public Law 96-499, December 5, 1980, prohibited financing of unemployment costs from the Federal account for work performed after December 5.

Placement goals

In response to questions asked by the Senate Committee on Labor and Human Resources on March 9, 1981, the Assistant Secretary for Employment and Training said that:

> "Through this Re-Employment Effort [sic], the vast majority of PSE participants affected by the phaseout of the program will be either placed in an unsubsidized job, training opportunities, or other positive outcomes."

Goals for placing terminated PSE participants were established at the onset of the reemployment effort. The Assistant Secretary, ETA, encouraged using goals as a management tool--both to serve as targets for each ETA employment and training component and to stimulate competition among the components. The Assistant Secretary felt that goals were necessary due to the one-time intensive nature of the reemployment effort.

Employment and training agencies assisting in the reemployment effort were assigned placement goals, which were negotiated in various ways to account for virtually all PSE participants enrolled in prime sponsor programs and eventually phased out of the programs. Consistent with their roles in the reemployment effort, the prime sponsors, the State Employment Security Agencies, and the PICs were expected to assist most PSE participants through placements in jobs

or training positions. The prime sponsors were expected to place 39,000 participants in unsubsidized jobs and 133,000 participants in CETA-funded training programs. PICs were responsible for helping the prime sponsors meet these goals by placing 9,000 of the participants in unsubsidized jobs and 10,000 of them in CETA-funded training. Also, another 51,000 participants were to be placed in jobs as a result of either the prime sponsors' or the participants' efforts. The State Employment Security Agencies were expected to place 60,000 participants in jobs. Other agencies were also given placement goals, including 5,000 placements into Job Corps and 7,000 job placements for WIN registrants. (See app. II for further information on goals.)

Prime sponsors' responsibilities

Prime sponsors were to make every effort to move titles II-D and VI participants to other activities.

Efforts were to include:

--Accelerating the movement of these participants into permanent unsubsidized employment in the private sector.

--Moving the participants into other CETA-funded activities (titles II-B, II-C, IV, or VII) 1/ or moving eligible AFDC recipients into WIN.

--Referring applicants to the local employment service office and notifying that office of the name and expected phaseout date of each participant. 2/

--Encouraging local governments and other employing agencies to immediately implement any plans they may have to absorb participants into their regular work force.

--Referring participants to other non-CETA funded skills training institutions, such as community colleges and vocational and technical institutions.

--Making other referrals and taking other actions as appropriate.

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1/Titles II-B and II-C allow for classroom training, on-the-job training, and other comprehensive employment and training services; title IV authorizes youth programs; and title VII establishes the Private Sector Initiative Program.

2/In this report, we are using the Employment Service, which is also known as the Job Service, to designate local affiliates of the U.S. Employment Service.

Prime sponsors were required to submit to Labor regional offices modifications to their fiscal year 1981 titles II-D and VI plans by April 15 and July 31, 1981, respectively. Modifications were to include the prime sponsors' plans for moving participants to other activities and their plans for coordinating with the local employment service to place participants in unsubsidized employment. Also, the plans were to include projected end-of-month enrollments from April through September 1981.

## Involvement of other employment and training organizations

### Employment Service

ETA issued a May 8, 1981, directive to all State Employment Security Agencies stating that the agencies were to have a major responsibility in assisting titles II-D and VI participants to obtain other employment. Based on the modifications of prime sponsors' fiscal year 1981 titles II-D and VI plans submitted to the regional offices, each State Employment Security Agency was to receive information on all prime sponsors' phaseout plans. The information was to enable the agencies to assess the statewide situation, while local prime sponsors worked directly with local employment service offices to make arrangements to register all titles II-D and VI participants seeking employment.

The directive also stated that, on a local level, the employment service was responsible for (1) meeting with prime sponsors to jointly determine necessary actions or procedures to accommodate registration or referral of participants, (2) promoting job development, and (3) coordinating employer contacts with prime sponsors and PIC job development efforts and other reemployment efforts.

The employment service was responsible for referring registered participants to at least one job opportunity and arranging for the filing of unemployment compensation claims. To facilitate services to registrants, when possible and necessary, employment service staff were to be placed at central locations and worksites.

### Private Industry Councils

The April 21, 1981, directive to regional administrators discusses the role of PICs in the reemployment effort. PICs were expected to provide services that include job development, marketing, training, and coordination of private sector resources. PICs were to develop a communication plan for informing local businesses of the employment needs of PSE participants and to coordinate with other business organizations in providing a business response to meeting such needs. The directive also states that all available title VII training resources should be directed to participants who can use additional training to increase placement and earning potential.

Work Incentive Program

WIN was established to help persons receiving Aid to Families with Dependent Children (AFDC) obtain training and jobs. Unless exempted, all persons applying for AFDC are required to register for WIN. As part of WIN's efforts to provide employment and training to registrants, some work in CETA/PSE jobs while they remain WIN registrants. Labor guidance provided to regional administrators stated the importance for local WIN offices to develop plans for assisting WIN registrants terminated from CETA/PSE to find unsubsidized employment.

Job Corps

Job Corps' purpose is to assist economically disadvantaged young people (ages 16 through 21) who need and can benefit from intensive programs of education, vocational skills training, and other services while living in a residential setting. Job Corps offers a variety of training programs at over 100 residential training centers.

Job Corps regional directors were notified of the role of Job Corps in the reemployment effort by the April 17, 1981, Job Corps Bulletin. Job Corps regional directors' responsibilities included (1) developing a plan for recruitment, screening, enrollment, and placement service and (2) notifying contract center operators that former PSE participants and prime sponsor staff will be available and should be considered for center staff vacancies when appropriate. According to a Job Corps official, Job Corps was not responsible for and did not recruit any former PSE participants, but relied on the prime sponsors, the employment service, and others to refer participants to Job Corps.

Office of National Programs

The Office of National Programs administers CETA title III special target group programs for Indians and other native Americans, offenders, youth, older workers, displaced homemakers, women, and others who face particular disadvantages in specific and general labor markets or occupations. According to a program official, the Office notified its contractors and grantees of the reemployment effort on May 14, 1981, and urged them to commit as many training slots as possible for PSE participants and to assist in placing participants in unsubsidized employment.

The Opportunities Industrialization Centers of America, Inc., was the only Office of National Programs' contractor for which funds were available specifically to assist in the reemployment effort. Its role in the reemployment effort was to work in conjunction with CETA prime sponsors and use available resources to place 4,000 PSE participants in unsubsidized private and public

sector jobs and identify opportunities for moving additional participants into training and services appropriate for their individual needs.

Human Resources Development Institute

The Human Resources Development Institute's purpose is to represent organized labor in employment and training programs and provide assistance to local labor representatives and CETA program operators on how to work together. According to the reemployment effort plan, the Institute was to play an assistance role in the reemployment effort. In coordination with the prime sponsor and employment service in these jurisdictions, the Institute's field staff was to identify apprenticeship openings and unfilled union job vacancies and to contact unions and employers to develop job placement opportunities. In addition, the Institute was to write an article for its newsletter on the reemployment effort.

National Alliance of Business

The National Alliance of Business is an independent nonprofit corporation working nationwide in partnership with business, labor, education, and government to (1) secure jobs and training for the economically disadvantaged, Vietnam Era veterans, exoffenders, and needy youth and (2) foster programs between the business and educational communities aimed at preparing young people for employment. Its role in the reemployment effort was to facilitate the placement of PSE participants in the private sector.

## REGIONAL OFFICES TOOK AN ACTIVE ROLE IN IMPLEMENTING THE REEMPLOYMENT EFFORT

Labor's regional administrators were tasked with the responsibility of managing the employment and training resources within their regions to optimize the positive outcomes in the reemployment effort. The regional offices were responsible for reviewing and approving prime sponsors' plans, fostering coordination between local agencies, and monitoring local efforts. The four regional offices included in our review took an active role in meeting their responsibilities in the reemployment effort.

### Approval of prime sponsors' plans

Prime sponsors were required to submit modifications to their titles II-D and VI plans by April 15 and July 31, 1981, respectively. Modifications were to include projected end-of-month enrollments from April through September 1981, the prime sponsors' plans for moving participants, and how the prime sponsors and local employment services were to coordinate the placements of participants in unsubsidized employment. Regional offices were responsible

for reviewing and approving all modifications. Our review indicated that the four regional staffs reviewed and approved the prime sponsors' modifications of their plans as required.

Coordination at State and local levels

Regional offices were to promote and assist coordination among State and local agencies in several ways. They were to provide information about prime sponsors' approved phaseout plans to State Employment Security Agencies to assist the latter in coordinating State-level efforts and determining workload demands on local employment service offices. Information should have included enrollment data, projected layoff information, and a summary of needs and problems in the State. To foster coordination among agencies and organizations, regional offices were to contact, in addition to State Employment Security Agencies, the National Alliance of Business' Regional Vice Presidents and State and regional prime sponsor and PIC organizations to initiate joint planning. Further coordination at the local level was the responsibility of the prime sponsors, local employment service offices, and other local agencies.

All four regional offices took an active role, although to varying degrees, in coordinating the reemployment effort within their regions. To meet the requirement to provide State Employment Security Agencies information on prime sponsors' layoff plans, Boston required the State Employment Security Agencies to review and sign off on prime sponsors' plans before regional review. The other three regional offices required prime sponsors to directly provide the State Employment Security Agencies with their layoff plans. Other regional office coordination efforts included (1) meeting with local agency personnel to explain the ramifications of the phaseout and local agency responsibilities; (2) sending letters to PIC chairpersons, chief elected officials, and State Employment Security Agencies apprising them of the reemployment effort; and (3) providing training to prime sponsors and employment service staff on techniques to improve placement efforts.

Monitoring local efforts

Regional offices had a primary role in monitoring the reemployment effort of employment and training agencies within their regions. Monitoring efforts were to include (1) onsite visits to confirm that transition plans were implemented, (2) receiving and compiling placement reports, and (3) when necessary, determining the reasons for low placement levels and providing assistance.

Monitoring was accomplished at the four regions reviewed by tracking the prime sponsors' and employment services' placements, through onsite visits and frequent contact by telephone. However, in some cases, the monitoring efforts were not designed exclusively for the reemployment effort. For example, although in Boston, site visits were conducted to monitor the reemployment effort exclusively, in Atlanta and Detroit site visits to prime sponsors covered not only the reemployment effort, but also other prime sponsor activities not related to the reemployment effort.

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Our review was intended primarily to report on the results of the reemployment effort in several communities nationwide. The results of our work at the eight prime sponsors are discussed in the following sections.

## PARTICIPANT OUTCOMES

### Many participants obtained jobs

One of the most important indicators of the success of the reemployment effort is whether participants actually obtain jobs or some other positive outcome. Nationwide, according to Labor data as of September 30, 1981, 305,172 participants were terminated during the PSE reemployment effort and 115,712 (or 37.9 percent) were placed in unsubsidized jobs. About 20 percent obtained some other positive outcome, such as training. 1/ At the eight prime sponsors, we found that a higher percentage obtained jobs and only a few--5 percent--had some other type of positive outcome. (See app. III for national PSE transition rates for fiscal years 1979 and 1980.)

To obtain information on what happened to participants who lost their PSE jobs at the eight prime sponsors, we asked the individuals sampled to describe their current employment situation. Specifically, we asked them to tell us if they were employed, unemployed, or in school or training. If they indicated they were employed, we asked them to classify their employment as either full-time permanent, full-time temporary, or part time.

Based on responses received, we estimate that 3,099 (or 58.8 percent) of 5,274 former PSE participants at the eight prime sponsors obtained jobs. Another 264 participants (or 5.0 percent) returned to school or entered other training programs and the other

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1/At the end of our review, Labor's Office of the Inspector General, at the request of the Assistant Secretary for Employment and Training, was validating PSE positive outcomes at 24 judgmentally selected prime sponsors. The study is scheduled for completion in March 1982.

1,911 participants (or 36.2 percent) were unemployed. However, these estimates may be somewhat misleading because Detroit data distort the averages.

Placement rates varied among the eight prime sponsor locations. Detroit had the highest placement rate--76.3 percent--followed by San Francisco and Stockton with 57.7 and 51.9 percent, respectively. The Birmingham, Boston, and Atlanta prime sponsors had the lowest placement rates, 33.3, 38.2, and 38.6 percent, respectively. Our projections of the percentage of participants employed and unemployed at each prime sponsor location are shown in the table below.

Projected Percent of Participants Employed and Unemployed at the Eight Prime Sponsors (note a)

| | Employed | Unemployed |
|---|---|---|
| Atlanta | 38.6 | 60.2 |
| Birmingham | 33.3 | 65.5 |
| Boston | 38.2 | 56.6 |
| Cleveland | 45.2 | 54.8 |
| Detroit | 76.3 | 19.3 |
| Providence | 43.2 | 50.6 |
| San Francisco | 57.7 | 26.8 |
| Stockton | 51.9 | 45.5 |
| Average of eight prime sponsors | 58.8 | 36.2 |

a/Percentages do not add to 100 because participants who entered training or returned to school are not included.

Our data reflect the employment status of the individuals on the dates they responded to our questionnaire survey. In some cases this was up to about 8 months after they left PSE. As such, our projections do not reflect in the "employed" column situations where the participant obtained a job upon leaving PSE, but later became unemployed or for the "unemployed" column, situations where the participants did not have a job upon leaving PSE, but later obtained one.

Detroit data distort averages

Because of a unique situation in Detroit, where many participants were summarily rehired (our estimate is 70 percent), including Detroit placement data in the projection of overall placements gives a distorted view of overall placement results. For example, we projected previously that 58.8 percent of the participants in the eight locations were placed and 36.2 percent were unemployed.

When Detroit data are excluded, the percent of individuals employed at the other seven prime sponsors combined is 44.9 percent, with 49.6 percent unemployed. Also, Detroit's participants differed from those at the other seven prime sponsors in terms of several key characteristics.

Because of the significant effect of Detroit data on overall projections for the eight prime sponsors, we believe the projection without Detroit more accurately depicts the true results of the reemployment effort at these sponsors. In our discussions of participant outcomes in the sections that follow, we present two projections, one including and one excluding Detroit data.

Some former PSE participants are employed in temporary or part-time positions

Another purpose of our questionnaire was to obtain information on the type of placements for participants who were employed. Responses indicate that, at the seven prime sponsors combined, 23.9 percent of the participants who were employed held temporary jobs. Another 20.9 percent were working part time.

According to officials in Labor's San Francisco regional office, many PSE participants who were rehired by their former PSE employer were rehired for only a short time period (e.g., until the end of a payroll period or until they completed the project they were working on at the time they were laid off).

Responses to our questionnaire confirm the regional officials' comments. Responses indicate that 34.1 percent of the employed former PSE participants in San Francisco have temporary jobs. Responses also indicate that similar situations exist at other prime sponsor locations. In Boston, Providence, and Birmingham, for example, we estimate that 27.6, 25.7, and 25.0 percent, respectively, of these participants who were employed had temporary positions.

Part-time employment, as shown in the following table, is also highest in San Francisco (29.3 percent), followed by Boston, Providence, and Birmingham with 27.6, 20.0, and 17.9 percent, respectively.

Percent of Employed Participants by Type of Placement

| Prime sponsor | Full-time permanent | Full-time temporary | Part time |
|---|---|---|---|
| Atlanta | 71.9 | 15.6 | 12.5 |
| Birmingham | 57.1 | 25.0 | 17.9 |
| Boston | 44.8 | 27.6 | 27.6 |
| Cleveland | 84.2 | 7.9 | 7.9 |
| Detroit | 94.3 | 4.6 | 1.1 |
| Providence | 54.3 | 25.7 | 20.0 |
| San Francisco | 36.6 | 34.1 | 29.3 |
| Stockton | 67.5 | 15.0 | 17.5 |
| Average of eight prime sponsors | 77.6 | 12.8 | 9.6 |
| Average excluding Detroit | 55.2 | 23.9 | 20.9 |

Responses from our sample participants indicate that temporary employment is greater among persons working in the public sector, while part-time work is more common among those working in the private sector (see p. 35).

Information on post-PSE wages

During our telephone interviews, we asked individuals who said they were employed how much they earned per hour--their gross hourly wage. We analyzed the responses to determine the average post-PSE monthly wage earned by these individuals. We compared the individuals' current wages and former PSE gross wages to determine the proportion of the individuals earning more, less, or an equal amount from their post-PSE employment.

Because wage data were obtained only from a selected segment of our sample, the wage information presented below cannot be projected to, or construed as representative of, the earnings situation of the universe of employed individuals at the eight prime sponsors visited. The post-PSE wage information presented below was obtained from telephone interviews only. Similar information was not requested of, or obtained from, participants who responded by mail. Therefore, the data apply only to the telephone respondents who were employed and are presented only to provide an indication of the earnings situation of a limited number of individuals who found jobs.

The available wage information accounts for 185 respondents who told us they were employed. As shown in the table below, more than half of the respondents were earning more from their post-PSE job than from their PSE employment.

Comparison of Pre- and Post-PSE Earnings
for Telephone Respondents Who Were Employed

Including Detroit

| Participants with: | | Average monthly PSE wage | Average monthly post-PSE wage | Wage gain or loss |
|---|---|---|---|---|
| Wage gain (57 percent) | 105 | $ 835 | $1,045 | +$210 (+25 percent) |
| Wage loss (32 percent) | 59 | 1,216 | 1,030 | -186 (-15 percent) |
| Same wage (11 percent) | 21 | 996 | 996 | 0 |
| Total | 185 | | | |

Excluding Detroit data from the analysis alters the data somewhat. Without Detroit, the number of respondents falls to 122 at the seven prime sponsors combined. As the following table shows, 61 percent were earning more than when they were in PSE, 25 percent were earning less, and 14 percent were earning the same amount.

Comparison of Pre- and Post-PSE Earnings
for Telephone Respondents Who Were Employed

Excluding Detroit

| Participants with: | | Average monthly PSE wage | Average monthly post-PSE wage | Wage gain or loss |
|---|---|---|---|---|
| Wage gain (61 percent) | 75 | $628 | $867 | +$239 (+38 percent) |
| Wage loss (25 percent) | 30 | 693 | 487 | -206 (-30 percent) |
| Same wage (14 percent) | 17 | 938 | 938 | 0 |
| Total | 122 | | | |

Few participants entered school or other training

When establishing the goals for the reemployment effort, Labor projected that 44 percent of the participants would transfer to training under other CETA titles. Responses to our questionnaire indicate that only 5.0 percent of the participants laid off (5.5 percent without Detroit) are in school or other training programs.

The relatively low percentage for training may be explained, in part, by the reluctance of participants to enter training programs, limited training opportunities, and the fact that participants did not always have the necessary qualifications for a training program.

For example, in Boston, at the beginning of the phaseout, prime sponsor staff determined the number of available training positions. Based on this assessment it was determined that most programs had a substantial waiting list and could not accept many participants. However, because Labor's Boston regional office emphasized the need to place participants into training slots and give PSE participants priority over others on the waiting list, prime sponsor officials asked participants, prior to layoff, whether they would be interested in going into a training program. Based on this effort it was determined that most participants did not want to enter training. A similar situation occurred at the Providence prime sponsor.

The Cleveland prime sponsor told us that laidoff PSE participants were assessed on their skills and qualifications to determine whether they could be transferred to another CETA title, usually in an on-the-job training activity. In Cleveland, two criteria had to be met before a person could be transferred to another CETA title. First, the participants had to pass an aptitude skills test to determine whether they had the qualifications needed for certain CETA training activities. Second, training slots had to be available within the other programs. According to the Cleveland prime sponsor, it was more a matter of PSE participants not having the necessary qualifications rather than not having enough training slots.

GOVERNMENT ASSISTANCE RECEIVED BY THE UNEMPLOYED

Earlier we said that 1,911 (or 36.2 percent) of the former participants were unemployed. Our work shows that about 57 percent of them were receiving one or more forms of Federal, State, or local financial assistance.

Most of these unemployed were receiving unemployment compensation (31 percent), food stamps (6 percent), AFDC (2 percent), or some combination thereof (14 percent).

The schedule below shows our projections of the percent of unemployed individuals receiving some form of financial assistance, the amount of assistance received each month, and the amount by which the former participants' PSE monthly wages exceeded the amount of assistance.

| | Including Detroit | Excluding Detroit |
|---|---|---|
| Percent of unemployed receiving assistance | 57 | 55 |
| Amount of monthly assistance | $323.79 | $299.82 |
| Amount PSE wage exceeded assistance | $371.33 | $352.67 |

Status of unemployed individuals not receiving assistance

We did not have as an objective of our review to determine the status of unemployed individuals not receiving financial assistance. We were able to determine, however, that these individuals do not differ significantly from the group receiving assistance in terms of race, sex, education, economic status, CETA title, length of participation in PSE, or number in family. There was a difference between the two groups in terms of the length of time since layoff, family status, and age. Participants laid off less than 3 months at July 31, 1981, were not receiving assistance as often as those who had been out of work for a longer period. Also, "single parents" and "parents in a two-parent family" were receiving assistance more often than other categories of family status. That is, widowed, divorced, or separated individuals with children and other parents were receiving assistance more often than married individuals without children or other single nondependent individuals. Regarding age, younger persons were less likely to receive public assistance.

Unemployed former PSE participants were seeking employment

Our questionnaire and telephone interviews asked two questions designed to provide an indication of the extent to which unemployed participants were looking for work. At the time we sought responses to our questionnaire, the average unemployment rates at the eight prime sponsors we reviewed ranged from 6.6 percent in San Francisco to 14.4 percent in Detroit. As shown in the following table, questionnaire responses indicate that most of the unemployed PSE participants made two or more attempts to find work each week.

Extent of Job Search Contacts
Made by Unemployed Participants

| Number of job search contacts each week | Percent of unemployed participants (note a) Including Detroit | Excluding Detroit |
|---|---|---|
| 1 or less | 25.1 | 22.9 |
| 2 to 3 | 35.8 | 32.7 |
| 4 to 5 | 23.9 | 25.7 |
| 6 to 9 | 7.7 | 8.7 |
| 10 or more | 7.6 | 10.0 |

a/Percentages do not add to 100 due to rounding.

A poor job market, lack of skills or education, and personal problems were cited most often as the conditions which limited the number of job search contacts individuals made each week.

PARTICIPANT CHARACTERISTICS

In the Senator's letter and in subsequent discussions with his office, we agreed to determine the age, race, sex, economic status, CETA title, length of program participation, and educational levels of participants placed. We also agreed to determine if a relationship existed between any of the above characteristics and employment status (i.e., if one sex was employed significantly more often than the other or if title VI participants were employed significantly more often than title II-D participants, etc.).

During our work at the prime sponsors, we reviewed the permanent file for each of the participants selected to receive our questionnaire and extracted the required characteristic data. We then analyzed the employment status of individuals who returned our questionnaire in terms of the known characteristic data to determine if a relationship was indicated. (The statistical tests we used are discussed in app. V, pp. 42 and 43.)

Most characteristics are not related to employment status

Six participant characteristics--age, sex, education, CETA title, economic status, and length of participation in PSE--were not significantly associated with an individual's employment status. Race and family status were, however, associated with a person's employment status.

"Other" races employed more often than blacks, whites, or Hispanics

With one exception, there appears to be no significant difference among the various racial groups regarding employment. Forty-two percent of the blacks, 47 percent of the whites, and 47 percent of the Hispanics were employed. When tested, the differences in employment (47 percent compared to 42 percent) were not found to be statistically significant. The exception was the "other" category (i.e., American Indian, Alaskan Native, and Asian or Pacific Islander). As shown in the table on page 24, 79 percent of this category were employed. This difference (79 percent compared to 42 and 47 percent) is statistically significant. We estimate that the "other" category represents a small proportion of the universe at the eight prime sponsors we visited and that participants in this category are located principally in Stockton and San Francisco.

Family status is related to employment

Our analyses showed that differences in family status are associated with differences in employment status for nonwhites.

Family status is a term used by Labor to describe an individual's position in a family or household. The four categories of family status are:

--Single parent - a single, abandoned, separated, divorced, or widowed individual who is responsible for support of one or more dependent children.

--Parent in a two-parent family - a parent in a family of three or more where both parents are present.

--Other family member - a member of a family of two or more but not a parent. This category includes married persons with no dependents living in the household.

--Nondependent individual - a person who (1) lives with his or her family, is 18 or older receiving less than 50-percent maintenance from the family, and is not one of the parents, (2) is 14 or older and not living with his or her family receiving less than 50-percent maintenance from the family, or (3) is a foster child, on behalf of whom State or local government payments are made.

Single parents and other family members are employed least often (38 and 39 percent, respectively) while parents in a two-parent family are employed most often (56 percent). The

employment of nondependent persons (49 percent) falls between these two extremes. The noted differences are statistically significant and indicate an association between family status and employment status.

A test of the relationship between family status and employment for white and nonwhite groups showed that the differences in employment attributed to family status were maintained for nonwhites but not for whites.

Characteristics of employed and unemployed

The table on the next page shows the percentage of individuals in each characteristic category who are employed and unemployed. The table represents the responses from former PSE participants at seven of the eight prime sponsors. Detroit data were excluded because of the mass rehiring discussed previously and because Detroit participants differed from participants at the other seven prime sponsors in terms of several key characteristics.

Detroit's participants had a different economic status than participants at other locations. Sixty-four percent of the participants in Detroit had incomes above 100 percent of Labor's lower living standard income level (LLSIL) when they entered PSE. This compares to one participant with a similarly high income at the other seven prime sponsors combined.

Fifty-nine percent of the Detroit participants had been in the program for 48 months or more. We did not identify any participant at any of the other prime sponsors who had been in the program that long.

Forty-nine percent of the participants in Detroit were enrolled in title VI. This was a higher percentage than at any other prime sponsor and about double the 25-percent average title VI enrollment at the other seven prime sponsors combined.

Detroit participants differed from participants at other locations in terms of family status. Thirty-one percent of the Detroit PSE participants were "parents in a two-parent family"--a higher percentage than at any other prime sponsor and more than double the 13-percent average at the other seven combined. Likewise, Detroit had the smallest percentage (22 percent) of "nondependent individuals," less than half of the average (52 percent) at the other seven prime sponsors combined.

Participants in Detroit were older on the average than at other prime sponsors. The average age of participants in Detroit was 35.4 years, again, higher than at any other prime sponsor and about 5 years greater than the 30.7 average age at the other sponsors combined.

## Characteristics of Employed and Unemployed PSE Participants

| Characteristics | Employed | Unemployed | Difference statistically significant |
|---|---|---|---|
| | (percent) | | |
| Sex: | | | |
| Male | 48 | 52 | No |
| Female | 44 | 56 | |
| Race: | | | |
| Black | 42 | 58 | Yes |
| White | 47 | 53 | |
| Hispanic | 47 | 53 | |
| Other | 79 | 21 | |
| Education: | | | |
| School dropout | 42 | 58 | No |
| High school graduate | 43 | 57 | |
| Some post-high school | 52 | 48 | |
| Age: | | | |
| Less than 25 | 44 | 56 | No |
| 25 through 34 | 48 | 52 | |
| 35 through 49 | 48 | 52 | |
| 50 or more | 41 | 59 | |
| CETA title: | | | |
| Title II-D | 47 | 53 | No |
| Title VI | 41 | 59 | |
| Time enrolled in PSE: | | | |
| 0-6 months | 46 | 54 | No |
| 7-12 months | 47 | 53 | |
| 13-18 months | 47 | 53 | |
| More than 18 months | 37 | 63 | |
| Economic status (note a): | | | |
| At or below the Office of Management and Budget's poverty level or 70 percent of LLSIL | 46 | 54 | No |
| 71 to 100 percent of LLSIL | 41 | 59 | |
| Family status: | | | |
| Single parent | 38 | 62 | Yes |
| Parent in two-parent family | 56 | 44 | |
| Other family member | 39 | 61 | |
| Other nondependent persons | 49 | 51 | |

a/"Economic status" is used by Labor to describe a participant's annual income before entering CETA. It has four categories: (1) at or below the Office of Management and Budget's poverty level or below 70 percent of an LLSIL established annually by Labor, (2) 71 to 85 percent of the LLSIL, (3) 86 to 100 percent of the LLSIL, and (4) above 100 percent of the LLSIL. Categories (2) and (3) were combined to provide enough cases in each characteristic category to allow a valid analysis.

## ASSISTANCE PROVIDED BY LOCAL AGENCIES

Labor required the prime sponsors, local employment service, PICs, and other local agencies (such as public service employing agencies) to make a special effort to move participants into unsubsidized employment and such other positive outcomes as transferring them to other CETA-training programs or referring them to non-CETA funded skills training as offered by community colleges and other vocational and technical institutions.

Another purpose of our questionnaire was to seek participants' views on the amount of help received from the local agencies in searching for a job or training. Most former PSE participants responding to our questionnaire said they received little or no help from either the prime sponsor, the local employment service, or PIC--the major agencies tasked with assisting them. An estimated 32.7 percent said they received some help from the prime sponsor, 26.5 percent from the employment service, and 10.0 percent from PIC.

An individual's employment status influenced the respondent's satisfaction with assistance received from the local employment service, but when we exclude Detroit's participants no significant relationship exists between employment status and satisfaction with assistance. For the prime sponsor and the PIC, no significant relationship existed (with or without Detroit) between employment status and the participants' perceptions of assistance received.

### Prime sponsors provided most assistance

The eight prime sponsors we visited provided services for participants to assist them in finding unsubsidized jobs. Prime sponsors were responsible for submitting to regional offices a copy of their plans for phasing out PSE under titles II-D and VI. The plans described the prime sponsors' course of action for moving participants to other activities and arrangements to provide assistance to each participant in securing unsubsidized employment.

### Prime sponsors offered job search skills

The eight prime sponsors we visited provided opportunities for participants to obtain job search skills to assist them in moving into unsubsidized employment. Job search skills include making telephone contacts, preparing resumes, filling out application forms, and conducting oneself properly during a job interview. The job search skills workshops were either conducted by the prime sponsor and employment service staff or the prime sponsor contracted with private firms to provide the workshops. The amount of job search training provided varied among the prime sponsors.

For example, the Atlanta prime sponsor contracted with a private training firm to provide job search training to title II-D participants during their last month of PSE. Title II-D participants were offered 20 days of job search training. Title VI participants were not offered job search training because Labor's Atlanta regional office disapproved the prime sponsor's proposal for job search training. The Atlanta prime sponsor also gave priority to hiring former participants who applied for city jobs. In Boston and Cleveland, participants were offered 5 days of training before they were laid off. In Boston, the prime sponsor staff conducted the training with employment service staff participating for one afternoon to explain unemployment compensation benefits and to register participants with the employment service. The Boston prime sponsor also contacted participants and encouraged them to look for work and provided some occupational training. A number of local agencies cooperated in Cleveland to provide job search skills training, namely the prime sponsor, the employment service, the PIC, and the Metropolitan Cleveland Jobs Council.

The Detroit prime sponsor contracted with CareerWorks, Inc., a minority-owned for-profit educational corporation, to provide transitional services to participants. Participants were scheduled to attend full time (for 5 weeks, 5 days a week) if laid off or attend 1 day a week for 15 weeks if still employed in their PSE job. The employment service participated in the CareerWorks' efforts. Seven employment service representatives were located at the CareerWorks training site to interview participants for background information and to enroll them in employment services, such as orientation, counseling, job development, referral, job placement, and followup.

To help administer its CETA program, the Birmingham prime sponsor contracted with the local employment service to operate a CETA Services Unit. Under its contract, the employment service operated the "Job Shop" to help participants find unsubsidized employment. The "Job Shop" consisted of a structured 3-week session in which job search skills were offered to all interested participants. The participants not interested in attending or unemployed after completing the structured component were referred to an unstructured component for up to 90 days. During attendance at the unstructured component, participants were assigned to a job developer for job referrals and, if necessary, further job search training was provided.

The San Francisco and Stockton prime sponsors also provided job search workshops. The job search workshops in San Francisco offered participants job search techniques and ways to improve skills in test taking, interviewing, resume writing, and job application completion. The Stockton prime sponsor contracted with private career development agencies to provide job search training to interested participants who were deemed job ready.

The career development organization provided a 10-day course in job finding techniques, communication skills, resume preparation, proper dress, and interview techniques. For the participants deemed not to be job ready, the prime sponsor offered skills training lasting from 3 to 30 weeks in such fields as welding, clerical, bank teller, machine shop, computer programing, and medical assistant.

The Providence prime sponsor provided a number of job search training and skills upgrading positions. Other participants while in holding--a period of 90 days if unemployed--were also offered assistance. This included having the participant come in every week to review the microfiche of job listings, informing them of available jobs, making referrals, and assisting in resume preparation. After termination, counselors attempted to call participants every 2 weeks to encourage the terminated participants to continue looking for work and come to the prime sponsor's office to review the microfiche of job listings.

Based on questions asked of our sample participants, we found that the participants' views on assistance provided by the prime sponsors varied somewhat as shown in the following table. The participants' employment status did not appear to influence the satisfaction with assistance provided by the prime sponsor. More than half of both unemployed and employed participants said they received little or no help from the prime sponsors.

| Prime sponsor | Percent of participants responding that prime sponsor efforts were helpful (note a) | |
|---|---|---|
| | Some help | Little or no help |
| Atlanta | 42.7 | 57.3 |
| Birmingham | 40.7 | 59.3 |
| Boston | 60.8 | 39.2 |
| Cleveland | 29.3 | 70.7 |
| Detroit | 15.8 | 84.2 |
| Providence | 51.9 | 48.1 |
| San Francisco | 42.9 | 57.1 |
| Stockton | 56.0 | 44.0 |
| Average of eight prime sponsors | 32.7 | 67.3 |
| Average excluding Detroit | 46.5 | 53.5 |

a/We asked the respondents to identify the amount of help received by checking one of five categories: (1) very great, (2) great, (3) moderate, (4) some, and (5) little or none. We later combined the first four categories into a single category and labeled it "some help."

Services provided by and coordination with the employment service

The prime sponsor and local employment service were to work together in placing participants. The prime sponsor was responsible for providing the local employment service with a copy of its phaseout plan and the names of participants with their anticipated layoff dates. The prime sponsor was also responsible for making arrangements with the employment service for referral and registration of participants. The local employment service offices were to provide employment services to all titles II-D and VI participants who were seeking employment. This included special arrangements for registration and making every effort to place registered participants in jobs.

The efforts of the employment service at the eight locations varied as did coordination with the prime sponsor. In some locations, the local employment service made arrangements for mass registrations and participated or conducted job search skills training in addition to regular placement assistance. In other locations, the employment service offered the PSE participant the same services offered other individuals seeking employment assistance.

In Atlanta, the employment service did not receive a copy of the prime sponsor's phaseout plan, but did receive a list of participants with actual or estimated layoff dates. In cooperation with the prime sponsor, the employment service set up mass registration and orientation sessions. Each participant was given a date and a time to report for orientation sessions where he or she applied for and was told about available services. Participants were also given instructions for claiming unemployment insurance.

The Providence employment service conducted its effort similarly to Atlanta. The employment service staff registered participants in groups, and during that time, apprised them of available services and how to claim unemployment insurance benefits. Participants who did not register at the group sessions were notified to register at the local employment service office.

At other locations, the employment service either conducted or participated in job search skills training. In Boston, the employment service staff participated in the job search workshops during which they informed participants of unemployment insurance benefits and also registered participants for placement services. Other than the workshop involvement, a local employment service official said that laidoff PSE participants were offered basically the same services as any other unemployed person.

The Cleveland employment service participated in the "Job Shop" program by teaching participants job search skills and communication techniques and providing job development and placement

services. The employment service did not set up a central location to expedite registration of PSE participants, but rather relied on participants to register for services and/or file claims for unemployment insurance at the various branch offices on their own accord.

In Detroit, the Michigan Employment Security Commission located seven employment service representatives at the CareerWorks' training site to enroll participants for employment services. The State agency's major effort was its contract to assist PSE participants at the CareerWorks' site. The local employment service offices designated interviewers for participants and were instructed to give them priority. However, the State agency's PSE State coordinator said that there was no evidence that priorities were given.

The San Francisco employment service also assisted participants by providing counseling and job search workshops. The prime sponsor referred the participants who were determined to have an employable skill to the employment service. The prime sponsor did not provide the employment service with its phaseout plan or a list of participants needing assistance. The prime sponsor, however, did provide the employment service with participant resumes for the participants referred to the employment service. The employment service relied on the prime sponsor to refer the participant. The prime sponsor referred only the participants who indicated an interest in job referrals.

In Stockton, the prime sponsor sent the employment service a letter explaining the reemployment effort and emphasizing the importance of close coordination between the prime sponsor and the employment service. Along with the letter, the prime sponsor sent a list of participants who would be laid off and their estimated layoff date. On May 13, 1981, the employment service responded by authorizing 1.5 additional positions to handle the anticipated workload created by the PSE phaseout. However, no system existed during the time period to identify PSE participants, and the positions were vacated on July 1, 1981.

Subsequently, under a formal agreement with the prime sponsor, the local employment service agreed to contact laidoff participants to determine if they were employed and to invite the unemployed to visit the employment office to register and receive placement assistance.

We asked our sampled participants about the amount of help they received from the employment service and various other organizations. Their responses showed that perceptions varied among locations about the assistance received from the employment service. A significantly greater number of unemployed than

employed participants said they received assistance from the local employment service. However, when we omit Detroit, there is no significant relationship between employment status and perception of assistance received. We believe Detroit influenced the relationship between participants' employment status and satisfaction with assistance received because the participants hired by their Detroit PSE employer did not have to seek assistance from the local employment service.

| Prime sponsor | Percent of participants responding that local employment service office efforts were helpful: Some help | Little or no help |
|---|---|---|
| Atlanta | 36.6 | 63.4 |
| Birmingham | 50.0 | 50.0 |
| Boston | 30.6 | 69.4 |
| Cleveland | 25.0 | 75.0 |
| Detroit | 10.6 | 89.4 |
| Providence | 31.2 | 68.8 |
| San Francisco | 36.8 | 63.2 |
| Stockton | 44.0 | 56.0 |
| Average of eight prime sponsors | 26.5 | 73.5 |
| Average excluding Detroit | 39.3 | 60.7 |

In Detroit, many participants were hired by their public service employing agency, and they, therefore, did not need assistance from the employment service. The degree of help perceived by Detroit participants reflects this situation. PSE participants in Birmingham expressed the highest degree of satisfaction with assistance received from their local employment service. One reason for this could be that the employment service, under contract with the Birmingham prime sponsor, interacted with the participants throughout their PSE enrollment by providing services, such as counseling and assessment, job search training, and placement assistance.

PICs provided some assistance

PICs were to assist participants by (1) developing jobs, (2) providing employers with information about participants, (3) offering training, and (4) coordinating with other business organizations. The degree to which the PICs at the various locations carried out their responsibilities varied. (In Birmingham, the PIC did not participate in the reemployment effort.)

The Atlanta, San Francisco, Stockton, Providence, and Boston PICs provided job development assistance, job search training, and CETA-training positions to the participants. In Atlanta, the PIC requested participants to register for its placement services and, using participant profiles prepared by the prime sponsor, contacted employers and tried to develop jobs for laidoff participants. San Francisco PIC officials publicized the reemployment effort and provided employers with the PSE participants' work histories. The PIC also arranged with private firms to provide skills training and job search training to laidoff participants. The Stockton PIC informed private employers of the reemployment effort and provided job search training funded under CETA's private sector program. In Providence, the PIC sent letters to employers explaining the reemployment effort and emphasizing the need to hire PSE participants. It also participated in a job fair and authorized $37,000 in CETA private sector training funds for on-the-job training contracts for PSE participants. In addition, the PIC chairperson publicized the reemployment effort in several speeches before local community groups. The Boston PIC assisted the prime sponsor by informing the sponsor's staff of potential job referrals. In conjunction with its role as the link between the private sector and CETA participants, the PIC also contacted employers and discussed employment opportunities for the participants.

The Detroit and Cleveland PICs' involvement in the reemployment effort were more limited by comparison. The Detroit PIC provided training opportunities for PSE transfers from the prime sponsor. The Cleveland PIC provided brochures to the Metropolitan Cleveland Jobs Council to send to area employers advising them of the benefits of hiring CETA participants.

As the following table shows, few of the sampled participants stated that they received help from PICs. Overall, the participants' responses indicate that they did not receive as much assistance from the PICs as from the prime sponsors or the employment service. Employment status did not influence the participants' satisfaction with the help received from the PICs.

| Prime sponsor | Percent of participants responding that PIC efforts were helpful: Some help | Little or no help |
|---|---|---|
| Atlanta | 23.2 | 76.8 |
| Birmingham | 6.2 | 93.8 |
| Boston | 8.1 | 91.9 |
| Cleveland | 8.5 | 91.5 |
| Detroit | 2.6 | 97.4 |
| Providence | 24.7 | 75.3 |
| San Francisco | 15.9 | 84.1 |
| Stockton | 22.7 | 77.3 |
| Average of eight prime sponsors | 10.0 | 90.0 |
| Average excluding Detroit | 16.0 | 84.0 |

Other sources of help

In addition to the prime sponsor, the employment service, and the PIC, participants obtained job search assistance from other sources. We asked our sampled participants about the degree of assistance received from several job search sources, such as public service employing agencies, want ads, relatives, friends and acquaintances, private employment agencies, and employers contacted through their own initiative.

Public service employer appears to be most helpful

According to Labor instructions, prime sponsors were to encourage local governments and other employing agencies to absorb participants into their regular work force. We found that 32.3 percent of the participants were hired by their CETA employer. Furthermore, we estimate that 59.6 percent of the participants perceived that they received some assistance from their CETA employer. Excluding Detroit data, the percentage changes slightly--53.3 percent of the participants found their CETA employer to be helpful.

Participants' efforts account for some assistance

The following table shows how participants responded with respect to help received through other job search assistance sources.

| Source | Some help | | Little or no help | |
|---|---|---|---|---|
| | Including Detroit | Excluding Detroit | Including Detroit | Excluding Detroit |
| | (percent) | | | |
| Want ads | 29.2 | 44.3 | 70.8 | 55.7 |
| Relatives, friends, and acquaintances | 37.0 | 51.2 | 63.0 | 48.8 |
| Private employment agencies | 7.2 | 11.6 | 92.8 | 88.4 |
| Contacted employers without help from the above sources | 40.4 | 51.6 | 59.6 | 48.4 |

## RESPONSIVENESS OF THE PRIVATE SECTOR

To determine the number of participants obtaining employment in the private sector, we asked the sampled participants who were employed whether their job was in public service, private industry, or with private nonprofit employers.

### Private sector placements

We estimate that 3,099 (or 58.8 percent) of the participants found unsubsidized jobs. The private sector accounts for 80 percent of the Nation's jobs. Private sector placements, however, were not proportional to the number of private sector jobs. According to Labor's September 30, 1981, data for the reemployment effort, 43.5 percent of the employed participants nationwide found jobs in the private sector. We estimate, as shown in the following table, that 27.6 percent of the employed participants at the eight prime sponsors we visited found private sector jobs. This figure includes 20.3 percent hired by private-for-profit employers and 7.3 percent hired by private-not-for-profit employers.

| Prime sponsor | Percent employed | Percent employed: Private sector | Percent employed: Public sector |
|---|---|---|---|
| Atlanta | 38.6 | 47.1 | 52.9 |
| Birmingham | 33.3 | 39.3 | 60.7 |
| Boston | 38.2 | 72.4 | 27.6 |
| Cleveland | 45.2 | 15.4 | 84.6 |
| Detroit | 76.3 | 8.0 | 92.0 |
| Providence | 43.2 | 48.6 | 51.4 |
| San Francisco | 57.7 | 52.4 | 47.6 |
| Stockton | 51.9 | 73.7 | 26.3 |
| Average of eight prime sponsors | 38.8 | 27.6 | 72.5 |
| Average excluding Detroit | 44.9 | 53.7 | 46.3 |

Because of the situation in Detroit, we believe that omitting Detroit would give a more accurate representation of private sector placements. Responses from sampled participants at the seven prime sponsors (excluding Detroit) indicate that 53.7 percent of the participants who found jobs did so in the private sector--38.2 percent with private-for-profit employers and 15.5 percent in the private nonprofit sector.

## Factors affecting private sector placements

Prime sponsors were instructed to make every effort to move participants including, among other activities, accelerating the movement of participants into permanent private sector employment. As shown above, the percentage of former participants working in the private sector varied among the eight localities.

Although we cannot conclude why the private sector placement rate is lower in some locations than in others, there are possible reasons for either a low or high percentage of private sector placements compared to participants in public service jobs. For employed participants, Detroit and Cleveland experienced the lowest private sector placements of 8.0 and 15.4 percent, respectively. As part of the prime sponsors' efforts to move participants into unsubsidized employment, they were asked by Labor to encourage local governments and other employing agencies to absorb participants into their regular work force. In Detroit, we estimate that 70 percent of the participants laid off between March 2 and July 31, 1981, and obtaining unsubsidized employment were hired by their PSE employer. Therefore, a major factor contributing to low private sector placements may have been that many participants had little, if any, need to seek private sector jobs.

In Cleveland, the prime sponsor anticipated that a large number of participants would enter unsubsidized employment through worksite absorption, in particular through several service departments within the city. A recent city income tax increase was a major factor in the city's ability to hire the participants. We estimate that 47 percent of the participants laid off between March 2 and July 31, 1981, and obtaining unsubsidized employment were hired by their PSE employer.

Stockton and Boston had the highest percentage of private sector placements. In Stockton, a large local financial institution hired 50 participants and pledged an additional 50 positions for PSE participants which was a significant benefit to private sector placements. We could not identify any specific factors to account for the large number of private sector placements in Boston.

Based on questions asked our sample participants, we found that significantly fewer participants working in the private sector have full-time permanent jobs than those working in the public sector. However, when we exclude Detroit, we find no significant difference in the number of full-time permanent jobs in the private or public sector. As the table below shows, whether including Detroit or not, we find more part-time jobs and fewer temporary jobs in the private sector than in the public sector.

| | Percent of employed | | |
|---|---|---|---|
| | Permanent full time | Temporary | Part time |
| Public service: | | | |
| With Detroit | 73.6 | 18.4 | 8.0 |
| Without Detroit | 59.5 | 28.1 | 12.4 |
| Private sector: | | | |
| With Detroit | 61.9 | 15.1 | 23.0 |
| Without Detroit | 60.8 | 15.0 | 24.2 |

APPENDIX II

## LABOR'S REEMPLOYMENT EFFORT GOALS AND RESULTS—

## A COMPARISON BY EMPLOYMENT AND TRAINING ORGANIZATION

| | Goals | | Results 9/30/81 (note a) |
|---|---|---|---|
| Prime sponsor: | | | |
| Participant's or prime sponsor's effort | 51,000 | | |
| Rehired in current position | 30,000 | | |
| PIC assisted private sector placements | 9,000 | | |
| Placed in unsubsidized jobs | | 90,000 | 115,712 |
| Classroom and on-the-job training (Title II-B/C) | 93,000 | | |
| Youth Programs (Title IV) | 30,000 | | |
| Private Sector Initiative Program (Title VII) | 10,000 | | |
| Transferred to other CETA titles | | 133,000 | 39,785 |
| State Employment Security Agencies | 60,000 | | 47,601 |
| WIN | b/7,000 | | 6,489 |
| Job Corps | 5,000 | | 74 |
| Office of National Programs | 4,000 | | 4,240 |
| Human Resources Development Institute | 1,000 | | 291 |
| Placed in jobs or training by above agencies | | 77,000 | 58,695 |
| Total | | c/300,000 | d/214,192 |

a/Results through October 1981, the last month of the reemployment effort, were not available from Labor as of March 1982.

b/On May 22, 1981, WIN's goal was changed to 5,500.

c/About 6,000 additional participants were enrolled in programs operated by native American CETA grantees.

d/The results are based on Labor reported data, and because the organizations reported placements independently, Labor cautions that an undetermined number of participants may have been counted as placements by more than one organization. The data are presented here merely as a comparison of the agencies' results with their goals.

APPENDIX III

## NATIONAL TRANSITION RATES FOR PUBLIC SERVICE EMPLOYMENT

| Participant outcomes | Fiscal year 1979 | 1980 |
|---|---|---|
| | (percent) | |
| Total terminations | 100.0 | 100.0 |
| Entered unsubsidized employment | 32.2 | 30.7 |
| Entered private sector employment | (a) | b/37.4 |
| Transfers to other CETA titles | (c) | 12.0 |
| Other positive terminations (note d) | 27.0 | 7.9 |
| Nonpositive terminations (note e) | 40.7 | 49.4 |

a/Data are not available.

b/Percent of total entering unsubsidized employment.

c/Transfers to other CETA titles included in other positive terminations.

d/Individuals who left their PSE jobs to go to school or to enroll in non-CETA employment and training programs. For fiscal year 1979, this includes transfers to other CETA titles.

e/Individuals who did not have unsubsidized jobs when leaving their PSE jobs and who were not otherwise classified as other positive terminations or transfers to other CETA titles.

## SUMMARY INFORMATION ON REEMPLOYMENT EFFORT BY PRIME SPONSORS

| Prime sponsor location | Participant outcomes (note a) | | Employment sector of those employed (note b) | | Type of employment | | | Types of assistance provided by local agencies | | | Participant perceptions of assistance provided by local agencies | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | Prime sponsor | | Local employment service | | PIC | |
| | Employed | Unemployed | Private | Public | Full-time permanent | Full-time temporary | Part time | Prime sponsor | Local employment service | PIC | Some help | Little or no help | Some help | Little or no help | Some help | Little or no help |
| | (percent) | | | | | | | | | | (percent) | | | | | |
| Atlanta | 38.6 | 60.2 | 47.1 | 52.9 | 71.9 | 15.6 | 12.5 | Job search skills training for title II-D participants and priority to hire participants who apply for city jobs | Mass registration and orientation sessions and placement assistance | Job development | 42.7 | 57.3 | 36.6 | 63.4 | 23.2 | 76.8 |
| Birmingham | 33.3 | 65.5 | 39.3 | 60.7 | 57.1 | 25.0 | 17.9 | Job search skills training through contract with local employment service | Job search skills training workshops (i.e., Job Shop) under contract with prime sponsor and placement assistance | Did not participate | 40.7 | 59.3 | 50.0 | 50.0 | 6.2 | 93.8 |
| Boston | 38.2 | 56.6 | 72.4 | 27.6 | 44.8 | 27.6 | 27.6 | Job search skills training workshops, periodic contact with participants to encourage them to look for work, and occupational training | Information on unemployment insurance and registration for services and placement assistance from local employment service | Job development | 60.8 | 39.2 | 38.6 | 69.4 | 8.1 | 91.9 |
| Cleveland | 45.2 | 54.8 | 15.4 | 84.6 | 84.2 | 7.9 | 7.9 | Job search skills training | Job search skills training during workshops and placement assistance | Marketing literature | 29.3 | 70.7 | 25.0 | 75.0 | 8.5 | 91.5 |
| Detroit | 76.3 | 19.3 | 8.0 | 92.0 | 94.3 | 4.6 | 1.1 | Job search skills training | Job search skills training during workshops and placement assistance | Occupational training | 15.8 | 84.2 | 10.6 | 89.4 | 2.6 | 97.4 |
| Providence | 43.2 | 50.6 | 48.6 | 51.4 | 54.3 | 25.7 | 20.0 | Periodic contacts with participants to encourage them to look for work, placement assistance, and occupational training | Group registration and orientation sessions and placement assistance | Job development and occupational training | 51.9 | 48.1 | 31.2 | 68.8 | 24.7 | 75.3 |
| San Francisco | 57.7 | 26.8 | 52.4 | 47.6 | 36.6 | 34.1 | 29.3 | Job search skills training | Counseling, job search workshops, and placement assistance | Job development, job search training, and occupational training | 42.9 | 57.1 | 36.8 | 63.2 | 15.9 | 84.1 |
| Stockton | 51.9 | 45.5 | 73.7 | 26.3 | 67.5 | 15.0 | 17.5 | Job search skills training and occupational training | Outreach to laidoff participants to request them to visit local employment service office, register, and receive placement assistance | Job development and job search training | 56.0 | 44.0 | 44.0 | 56.0 | 22.7 | 77.3 |
| Average of eight prime sponsors | 58.8 | 36.2 | 27.6 | 72.5 | 77.6 | 12.8 | 9.6 | | | | 32.7 | 67.3 | 26.5 | 73.5 | 10.0 | 90.0 |
| Average excluding Detroit | 44.9 | 49.6 | 53.7 | 46.3 | 55.2 | 23.9 | 20.9 | | | | 46.5 | 53.5 | 39.3 | 60.7 | 16.0 | 84.0 |

a/Percentages do not add to 100 because participants who entered training or returned to school are not included.
b/Percentages may not add due to rounding.





APPENDIX IV

## REVIEW METHODOLOGY

### OBJECTIVE

The purpose of our study was to determine (1) the employment and public assistance status of PSE participants who were laid off, (2) participant characteristics and conditions that might affect PSE participants' employment, and (3) the effectiveness and responsiveness of local agencies in providing jobs or training for the laidoff participants.

### Data collection instruments

A structured data collection instrument was developed to gather data on personal and employment characteristics from the PSE participant records located at the prime sponsors: the data included age; race; sex; education; family status; CETA title; economic status; length of time in PSE; employment or training status at termination; sector of employment; post-PSE wage, if available; and types of government assistance received at termination. Another structured instrument--a questionnaire--was designed to be sent to laidoff PSE participants to determine post-PSE employment or training status; employment sector, if employed; amount of assistance received from the prime sponsor, the employment service, the PIC, the PSE employer, the community groups, and other sources in searching for a job or training; extent of job search activity, if unemployed; and pre- and post-type and amount of financial assistance received from government programs. The questionnaire was designed to be administered in three analogous formats: telegram, telephone, and mail. These three versions were designed to account for the differences among the formats required for each respective different communications media and to adjust for response effects that might be attributed to the use of different media.

### Pretest

Before the questionnaire was used, it was tested on PSE employees laid off in the Washington, D.C., area. In the first phase of the pretest, the pretest subjects completed the questionnaire as if they had received it in the mail. A trained GAO observer noted unobtrusively the time it took to complete each question as well as any difficulties the subjects experienced. During the second phase a standardized procedure was used to elicit the subjects' descriptions of the various difficulties and considerations encountered as they completed each item. The procedure uses only nondirect inquiries to ensure that the subjects are not asked leading questions.

Based on the results of the pretest, we revised the questionnaire to help ensure that potential subjects could and would provide the information requested and to ensure that all questions

were fair, relevant, easy to understand, easy to answer, and relatively free of design flaws that could introduce bias or error into the study results. The responses to the pretest were not used for the final report.

Sample universe

Based on information provided by prime sponsor officials, we identified the universe of PSE participants laid off at each of the eight prime sponsors between March 2 and July 31, 1981. The following table shows the sample universe and the percentage of PSE participants laid off through July 31, 1981, by prime sponsor and in total.

| | Universe | Percent of participants laid off between March 2 and July 31, 1981 |
|---|---|---|
| Atlanta | 869 | 100.0 |
| Birmingham | 920 | 99.8 |
| Boston | 486 | 67.1 |
| Cleveland | 184 | 34.0 |
| Detroit | 2,653 | 84.3 |
| Providence | 303 | 91.6 |
| San Francisco | 1,284 | 100.0 |
| Stockton | 854 | 95.2 |
| Total | 7,553 | |

The sample plan called for a stratified random sample of 130 laidoff participants selected from each of the above prime sponsors. For this plan, the sampling error for the combined sample of cities was 3.5 percent with Detroit included and 3.75 percent without Detroit at the 95-percent level of confidence. The sampling error for individual prime sponsors was 8.5 percent.

Data collection

A random sample of 130 participants was drawn from the universe of laidoff participants at each prime sponsor. Data collection instruments were completed for each of the sampled participants, and a computerized data base was created from the information gathered.

An initial questionnaire was sent by telegram on August 20, 1981. During September and October 1981, we attempted to contact by telephone the individuals who did not respond to the questionnaire. Up to nine followup telephone calls were made during various days of the week including weekends and various times of the day before the subject was considered a nonrespondent.

On October 5, 1981, we mailed a followup questionnaire to persons whom we could not contact by telephone because they did not have a telephone, their telephone was disconnected, or their telephone number was not published. Responses were not accepted after October 28, 1981.

Response rate

Of the 1,040 participants in the sample, 102 (or nearly 10 percent) could not be located either by telegram, telephone, or mail. In total we obtained 670 responses--71.4 percent of the 938 people who could be located. The response rates varied among prime sponsors, ranging from 60 to 90 percent. The adjustments made to the planned sample which accounts for the participants who could not be located and the actual number of responses are presented in the following table.

The Initial, Adjusted, and Actual Strata Sample Size and Response Rates

| | Number sampled | Unable to locate | Adjusted sample size | Actual number of responses | Response rate |
|---|---|---|---|---|---|
| | | | | | (percent) |
| Atlanta | 130 | 13 | 117 | 83 | 70.9 |
| Birmingham | 130 | 18 | 112 | 84 | 75.0 |
| Boston | 130 | 17 | 113 | 76 | 67.3 |
| Cleveland | 130 | 14 | 116 | 84 | 72.4 |
| Detroit | 130 | 3 | 127 | 114 | 89.8 |
| Providence | 130 | 11 | 119 | 81 | 68.1 |
| San Francisco | 130 | 12 | 118 | 71 | 60.2 |
| Stockton | 130 | 14 | 116 | 77 | 66.4 |
| Total | 1,040 | 102 | 938 | 670 | 71.4 |

Nonrespondents

For the most part, the characteristics of the nonrespondents were not different from the respondents. Comparisons showed that the nonrespondents were not significantly different statistically from the respondents regarding race, program title, education, employment status at termination, or length of time in the program. However, there were some small differences regarding sex, family status, and age. Males responded less often than females, persons under age 35 responded less often than those over 35, and single parents and nondependent family members were slightly less likely to respond than parents in a two-parent family and other family

members. Participants who could not be located (1) were slightly younger and (2) had a little more time in PSE than those who responded to the questionnaire. However, these differences were small and, with the exception of family status and age, not significantly associated with the employment and public assistance status of the laidoff participants.

The family status measure shows that there is a slightly greater tendency for the single parent and the nondependent family member not to respond than for others in the population. Since our data indicated that single parents are less likely to be employed (see p. 22) and more likely to be receiving public assistance (see p. 20), the result is to cause a slight underreporting of unemployment and dependence on public assistance. However, this underreporting effect on public assistance is offset to some extent because of other factors. Younger persons were less likely to receive public assistance and less likely to respond, thereby causing an overreporting of dependence on public assistance because older persons who were receiving public assistance were more likely to respond.

Level of certainty

All statistical analyses used to support the reported findings were based on generally accepted statistical analysis techniques. All comparisons for significant differences were made at the .05 level of statistical certainty. The actual or effective sampling error is greater than planned and varies among prime sponsors and among measures with the prime sponsor and item response rate. The actual or effective sampling error accounts for the error component resulting from questionnaire nonrespondents (28.6 percent overall) and questionnaire item nonrespondents (usually about 1 or 2 percent). The average effective sampling error for individual prime sponsor estimates at the 95-percent confidence level was about 10 percent. As expected, the average effective sampling error for the combined prime sponsor percentage estimates was smaller, about 4 percent.

The variability and consequently the sampling errors were higher for continuous variables, i.e., amount of financial assistance received and difference between PSE salary and assistance. These variables, when applicable, were used for combined prime sponsor estimates only, and the average relative effective sampling error was about 9 percent.

Use of chi-square test of independence and t-test

Questionnaire response data were merged with characteristic data, tabulated, and analyzed using the chi-square test of independence and the t-test to determine whether the difference in

employment status was associated with a particular characteristic category. The tests help to determine whether the indicated differences are real and indicate a systematic relationship between the characteristic and employment status or whether the differences are merely due to chance. The tests indicate only that the variables are independent or related. They do not indicate how strongly they are related or the reason(s) for the relationship. We also used the chi-square and the t-test to analyze the (1) differences in the characteristics of participants in Detroit versus those at the other seven prime sponsors combined, (2) differences between unemployed individuals receiving and not receiving financial assistance from government programs, (3) differences in type of placement between public and private sector, (4) differences in the characteristics of respondents and nonrespondents, and (5) individuals' perceptions of help received from local agencies and their employment status.

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